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**DRAFT REPORT OF THE TRADE AND DEVELOPMENT BOARD ON THE SECOND PART OF ITS FORTIETH SESSION**

Rapporteur: Mr. Marcel Van der Kolk (Netherlands)

**Addendum**

## *ITEM 3: URUGUAY ROUND*

Speakers: Director's Introduction
Argentina
Egypt (for African Group)
Malaysia (for Asian Group)
Australia
Chile
Romania
Sweden (Nordic countries)
Canada
Japan
China
Indonesia
Uruguay
Russian Federation
Jamaica
European Commission (for EU)

**Note for Delegations**

This draft report is a provisional text circulated for clearance by delegations.

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## Chapter I

## DEVELOPMENTS AND ISSUES IN THE URUGUAY ROUND OF PARTICULAR CONCERN TO DEVELOPING COUNTRIES

(Agenda item 3)

1. For its consideration of this item, the Board had before it a note by the UNCTAD secretariat entitled "Analysis and assessment of the Uruguay Round, in particular in areas of interest or concern to developing countries, and its impact on the international trading system".

2. On 22 April 1994 Mr. Jesus Seade, the Deputy Director-General of GATT, addressed an informal meeting of the Trade and Development Board on the subject of the implications of the signing of the Final Act of the Uruguay Round at Marrakesh, Morocco, on 15 April 1994. Mr. Seade also responded to questions put by the delegations of Bangladesh, Canada, Chile, China, Costa Rica, Zambia and the European Community.

Consideration in plenary

3. Introducing this item and the note by the secretariat (TD/B/40(2)/CRP.1), the Director of International Trade Division, said that the Uruguay Round Final Act incorporated agreements which substantially transformed the multilateral trading system to meet challenges and opportunities in an increasingly globalized world economy. In some areas, however, the full results of the Round were not yet known as the negotiations were continuing, in particular on key services sectors and mode of supply of natural persons, in which great economic issues were at stake.

4. He stated that the developing countries had made a major contribution to the success of the Round which had resulted in significant reduction in the flexibility available to them in designing their development policies, as well as in their use of trade policy instruments, to promote their development and their competitiveness in international trade, at the same time that they had adopted export-oriented adjustment policies. Developing countries had accepted rigorous multilateral disciplines, by binding their tariff schedules, by subscribing to agreements on non-tariff measures, and accepting multilateral disciplines in the new areas where the developed countries were in the best position to reap immediate economic gains. Although high levels of protection remained on many goods and services of export

interest to developing countries, many of them should be in a position to capitalize on the potential benefits from the Uruguay Round agreements, in particular from tariff reductions, the phase out of the discriminatory regime governing trade in textiles and clothing, the improved disciplines on agricultural trade, the strengthened safeguard clause. However, the overriding benefit accruing to them was the reduction of the scope for bilateral pressures and unilateral action against them, a benefit that would materialize only if the major trading countries genuinely respected the multilateral commitments they had accepted in the Final Act. Moreover, should a comprehensive assessment of the results of the Round demonstrate imbalances in the benefits derived from the Round, such imbalances would need to be redressed through appropriate action including additional trade preferences, development assistance and debt relief.

5. The outcome of the Uruguay round established an institutional framework for managing increasingly complex trade relations in a more competitive and integrated world economy. The Final Act was a labyrinth of review mechanisms, special safeguard clauses, notification requirements, thresholds, trigger points, enforcement requirements, Committees and working parties, as well as programmes for reviews and future negotiations. These provided what could be considered as built-in future work programme for the WTO. Many developing countries would be faced with serious challenges with respect to institutional capacity, human resource development and information management. Indeed, their capacity to defend their interests remained a matter of concern, as some including the least developed countries might find themselves having to undertake onerous multilateral obligations, face higher cost of imported food and technology, whilst being unable to translate the expanded market access opportunities into economic benefits. Effective technical cooperation programmes needed to be designed to respond to these new challenges, as well as common mechanisms to share burdens and to utilize opportunities deriving from the implementation of the Uruguay Round results. UNCTAD through its debates, analysis and its technical cooperation programmes had been able to contribute to the identification of the interests of developing countries and to their effective participations in the Uruguay Round. UNCTAD based on its clearer and strengthened mandate including in the area of the interdependence of trade, financial and monetary matters and sustainable development was ready to contribute to the coherence of global policy making and to a stronger role of developing countries within the international trading system.

6. At the Marrakesh Ministerial Meeting a series of suggestion were put forward which could be considered by the Preparatory Committee. It would seem important

that such proposals be subjected to constructive dialogue and rigorous policy analysis, with a view to identifying issues of interest to developing countries, and assessing implications for their trade and development. The Uruguay Round experience had demonstrated the need for such intensive consensus-building processes aimed at the formulation of common perceptions before the initiation of negotiation of implementable commitments. In accordance with the Cartagena Commitment, UNCTAD could play an important role at the level of the TDB and its subsidiary organs in such consensus-building process and the effective integration of developing countries in the world economy.

7. The representative of **Argentina** said that the adoption of the Final Act of the Uruguay Round represented the consolidation of multilateralism through the adoption of a new set of rules, and its extension to areas not covered hitherto by multilateral disciplines. The terms of the agreement allowed a step to be taken towards reduction of tariffs in the industrial sector and a broader inclusion of the agricultural sector, the services sector and trade related investment measures. The agreement on the various codes consolidated a wide range of regulations, making international trade transparent and removing discretionality and unilateralism. Of great importance was the agreement on sanitary and phyto-sanitary measures which, for the first time, allowed for recourse to a multilateral authority in cases where agricultural exports were subject to sanitary measures that were arbitrary or based on questionable scientific evidence. The creation of a genuine World Trade Organization was also one of the positive aspects of the conclusion of the Round. The new dispute settlement mechanism was a particularly successful aspect, although the credibility of the whole system would depend upon the observance and full application of the rulings taken through this mechanism. As for the inclusion of trade and environment in the working programme of the WTO, he expressed hopes for progress in this delicate area, and for recognition that poverty was the main cause of environmental deterioration in developing countries. Such a complex problem could not be resolved through trade sanctions or measures of little economic rationality.

8. In his view, the main shortcoming of the results of the Round was the lack of correlation between the developing countries' contribution to trade liberalization and the new trade opportunities deriving from industrial countries' offers. Another important shortcoming of the Uruguay Round was the limited scope of the agreements in the agricultural sector: the results here were far from meeting his country's aspirations. They represented, in his view, a first step in a return to

agricultural protectionism. It was particularly important to extend, in the near future, the commitments reached in this sector.

9. One matter of concern for his delegation was the lack of concrete results in favour of the least developed countries, for which further liberalization of world trade meant less possibilities for receiving special or prefernetial tratment. It was thus important that the international community establisht he appropriate mechanisms to help these countries to find their development path.

10. With regard to future work in UNCTAD in relation to the Uruguay Round agreements, he said that a first and essential responsibility for UNCTAD was to carry out an evaluation of the results and commitments reached, from the perspective of developing countries' interests. With regard to the erosion of preferential margins and the increasing limitations applied in some GSP schemes, he expressed the vbiew that, in the 1996 GSP review, preference-giving countries should try to compensate for such adverse effects through a larger product coverage and simplification of the schemes, with increased transparency and income effectively transferred to beneficiary countries. He also considered that an impetus should be given to the Second Round of Negotiations among Developing Countries in the framework of the GSTP. Finally, he emphasized the work done in UNCTAD in the area of environment, trade and development. This was a useful analytical work that should be continued in an institutionalized framework such a specific ad hoc working group.

11. The spokesman for the **African Group** (Egypt) said that the results of the last seven and a half years of negotiations in the Uruguay Round would herald a new era of international economic cooperation. There was, however, some anxiety that certain current issues could threaten the well-being of the multilateral trading system and the sustained development of African countries in particular and developing countries in general. Technical assistance, financial flows and market access were crucial if Africa was to be integrated once more in the world economy.

12. The trade-creating effects of the Uruguay Round would be threatened by the narrow interests of ailing industries. Sectoral structural adjustment had to be applied to both developed and developing economies in order to maintain the wheel of the global economy in motion. Any other approach would postpone the benefits of a liberal economy through new forms of protectionism and restrictive measures that would compound structural problems and hinder the improvement of living standards and growth rates, particularly in developing countries. Unilateralism

and extraterritorial application of environmental regulations should come to a halt after the establishment of the Committee on Trade and Environment in the WTO. Any disputes regarding trade and environment should be referred immediately to the dispute settlement mechanism under the auspices of the WTO. He believed that there was no contradiction between maintaining an open and non-discriminatory trading system on the one hand and protecting the environment and promoting sustainable development on the other.

13. A further threat to the new multilateral trading system was the proposal to include labour standards and social clauses in the new system. This proposal would be tantamount to admitting protectionism; furthermore through the backdoor. It would also infringe upon the mandate of the ILO whose conventions should be enforced without any linkage with trade.

14. He hoped that regional trading agreements would not lead to further trade-diverting effects or lost opportunities contrary to the interests of non-participating countries. He also feared that partially freeing trade in agriculture would have a negative effect on the balance of payments of net food-importing developing countries, and specifically African economies. The distorted situation of agricultural commodities on the world market was due an extended and prolonged resistance of developed economies to sectoral structural adjustment in agriculture. It was crucial that the Ministerial decision of the Marrakesh Conference on measures concerning the possible negative effects of the reform programme be implemented in cooperation with bilateral donors and multilateral finances institutions with a view to compensating net food-importing developing countries.

15. The deteriorating terms of trade of many African economies, which relied essentially on primary commodities for their exports, were likely to worsen in a situation where the increase in the price of their imports would be accompanied by the constant decrease in the price of their exports of primary commodities.

16. Another factor that remained vital in maintaining harmony between the macroeconomic policies and trade policies was the stability of the exchange rates in developing countries. The linkage between trade, money and finance and their role in alleviating the debt burden and poverty were of great importance in the coming period and warranted greater attention in both WTO and UNCTAD.

17. With the implementation of the Uruguay Round Final Act, most GSP schemes in developed countries would probably be eroded. Therefore, these schemes should be adjusted to offset the results of the expected tariff reductions. He proposed that UNCTAD should assist African economies to identify analytically and technically the difficulties and opportunities they would encounter as a result of the Round, particularly as regards GSP schemes. He also stressed the importance of examining the relationship between the trading system and immigration policies; the interaction between trade policies and policies relating to financial and monetary matters, including debt; commodity markets; international trade and company law; the establishment of a mechanism for compensation for the erosion of preferences; the link between trade, development, political stability and the alleviation of poverty; and unilateral or extraterritorial trade measures.

18. The spokesman for the **Asian Group** (Malaysia) said that with the rapid industrialization now taking place in Asia, most countries in this region were integrating into the multilateral trading system and looked forward to enjoying the benefits of the Uruguay Round, especially in the areas of market access in goods and services. The key feature of the Uruguay Round was the creation of the WTO, which would contribute to a strengthened multilateral trading system with more transparent and predictable trade rules. It should not be forgotten that the acceptance of the terms of the Final Act by many developing countries meant that they had to undertake heavy commitments.

19. With the WTO and its integrated dispute settlement system, there should now be no more justification for certain countries to resort to bilateral means to settle trade problems or to undertake unilateral actions such as those under Super 301.

20. It should also be noted that the Uruguay Round had prompted some large economies such as China to consider subscribing to the multilateral trading rules. China's accession to the WTO would make a positive contribution to international trade and had the strong support of the Asian Group.

21. Referring to the immediate task of the WTO in ensuring that the results were implemented in accordance with the rules and disciplines, procedures and the time frames provided for in the various Uruguay Round agreements, he emphasized that the fulfilment of all concessions and commitments in a timely fashion was of paramount importance if developing countries were to enjoy the benefits, particularly in the areas of textiles, agriculture and industrial goods.

22. He also emphasized that the WTO work programme should be confined to the scope and mandate of that organization. The issue of trade and environment was accepted as part of that work programme but it was premature to rule that environment would be a permanent theme in the WTO. In order to ensure that protection of the environment should not be used as a disguised barrier to trade, it was necessary to ensure that the objectives of trade liberalization and sustainable development should be mutually supportive. The Asian Group looked forward to studies, analytical work and technical inputs from UNCTAD on this subject.

23. Expressing the serious concern of developing countries at the recently introduced issues such as labour standards and social clauses, he said that the Asian Group was unsure of the real motives behind the moves to include such issues in the WTO. Countries should not overstretch the competence of the WTO. Attempting to justify the "trade-relatedness" of such extraneous issues did not allay the fears and doubts of dev loping countries about new forms of protectionism.

24. In the spirit of Cartagena and in the interests of a strengthened multilateral trading system, the Asian Group believed that the implementation of the Uruguay Round results should lead to more stable, secure and predictable conditions for trade based on open markets and strengthened rules. The WTO should not have an overloaded agenda, the priority being to ensure the launching of the WTO, the consolidation of the multilateral trading system and the effective implementation of the Uruguay Round results.

25. For many developing countries, the process of liberalization would continue even after the Uruguay Round. These liberalization measures and the structural adjustment that would take place would be more meaningful if they were matched by more open and outward-looking policies on the part of the major industrialized countries, including greater openings in the services trade. The Asian Group looked forward to seeing increased trade and investment opportunities for all countries in the post-Uruguay Round era.

26. The Asian Group would also wish to see an increased role for UNCTAD and its technical assistance programme, together with the International Trade Centre UNCTAD/GATT, in the areas of: monitoring benefits/effects of the Uruguay Round for developing countries, especially the LDCs; assessing and recommending how fuller benefits could be realized and how market openings could be better exploited by developing countries (export promotion and ITC's role would be instrumental in

these efforts); assisting developing countries with the analytical work and coordination on the issue of trade and environment; and providing information and better understanding on other topical subjects which had been raised by developed countries in the conduct of their trade relations -for example, human rights and international labour standards - and seeing how these affected the trade and development of developing countries.

27. The representative of **Chile** stated that, although the conclusion of the Uruguay Round might improve international trade in global terms, the results were poor for many developing countries, or even non-existent for some of them. For his country, the reduction of tariffs and the removal of a number of non-tariff measures in the agricultural sector were considered satisfactory. The integration of the textile sector represented important progress, even though the results could be assessed only several years from now. What could be considered a real success was the setting up of disciplines that strengthened the multilateral trading system. In particular, enhancing the dispute settlement mechanism was important for medium-sized or small countries. In general, the creation of the World Trade Organization would reinforce the multilateral trading system.

28. With regard to the situation facing the least developed countries, he said that the international community should seek mechanisms for economic compensation, as these countries had not succeeded in obtaining benefits. He considered that this work, which was complementary to the Marrakesh Agreements and to the WTO, was to be undertaken in UNCTAD. Consequently, it was necessary to strengthen UNCTAD's human and economic resources. Such compensatory mechanisms could be found through analysis, dialogue, consensus and negotiations in the various UNCTAD' areas of competence. Such interlinkage of economic and social elements could offer the kind of relief that the Uruguay Round did not provide to many developing countries.

29. With reference to the respective functions of UNCTAD and the WTO, he said that they should be viewed as complementary mechanisms of the United ^Nations multilateral system. Among the possible areas of complementarity, he mentioned the activities on trade and environemtn. In this area, the WTO would be called upon basically to prevent environmental aspects from becoming hindrances to trade, while UNCTAD should deal with these aspectws from the economic development perspective of developing countries. International competition was viewed as another area for complementary work. In this regard, the WTO should negotiate agreements aimed at preserving the free competition within the international trading system, while UNCTAD, tthrough its programme on restrictive business practices, should be able

to analyse and reach consensus with a view to preventing national competition policies from affecting international trade. Both institutions should undertake analysis on how to link the international trading system with the monetary and financial aspects of the Bretton Woods institutions. Finally, he said that Chile considered that labour issues should not be dealt with either in UNCTAD or in the WTO, since these issues were the competence of a specialized agency, the ILO.

30. The representative of **Australia** welcomed the successful conclusion of the Uruguay Round, which was the most comprehensive and far-reaching round of multilateral trade negotiations ever held. She highlighted the following results of the Round: (i) agriculture and textiles had been brought more effectively within the rules of the multilateral trading system; (ii) the largest ever tariff cuts on industrial products had been achieved; (iii) new rules for the protection of intellectual property and for trade in services had been negotiated; (iv) the rules governing virtually all aspects of trade had been improved, and more automatic dispute settlement procedures had been secured. In her opinion, the results of the Uruguay Round had the potential to improve the economic growth and welfare of all countries, whether developed, developing or economies in transition.

31. While some countries might feel that they had benefited less from the Round than others, all in the longer term would benefit from the dynamic contribution that the more stable and more liberal international trading regime would provide to global economic growth. She felt that the developing countries in particular would benefit, not only from the new disciplines on agriculture and textiles, but also from the greater certainty that would be given to national trade policies across-the-board through the World Trade Organization. The fact that developing countries had played a much more active role and made a grater contribution in these negotiations than in previous Rounds reflected the general recognition of the benefits of the effective integration of all countries into the international trading system, including into the contractual structure of commitments and disciplines of the GATT and the WTO.

32. The outcome of the Uruguay Round included provisions to assist developing countries over transitional periods and in particular provided longer-term differential treatment for LDCs. Not only was this differential treatment incorporated in the texts, it was emphasized also in a Ministerial decision and it was implicit in the additional time that LDCs had to submit schedules for the WTO.

33. The conclusion of the Uruguay Round had launched a new perpetual round of negotiations. Services negotiations were starting immediately, and the WTO agreement had built into it a timetable for future negotiations in other areas. Moreover, the Preparatory Committee for the WTO would begin at once to discuss key implementation issues for the WTO, including what other issues should be added to the WTO's agenda. One relatively new issue was trade and environment, on which there would be continuing discussion in the WTO under the agreed work programme. This issue was of global concern and required careful analysis of what might need to be done in the WTO and what lay more appropriately elsewhere in the international system, particularly in UNCTAD. She suggested that countries should try to analyse the issues objectively in both WTO and UNCTAD, avoiding duplication and ensuring that the debate did not become divisive.

34. The dynamic role of developing countries in GATT was an important facet of the change in the international economic and institutional environment which included UNCTAD's new orientation. She emphasized the need to identify in the post-Uruguayan Round environment those issues which might be most usefully considered by UNCTAD, bearing in mind UNCTAD's analytical capacity and its status as a unique forum for global consensus building.

35. The representative of **Romania** said that the recent conclusion of the Uruguay Round negotiations at Marrakesh represented a major event in international economic environment. The results of the Round should greatly improve market access conditions, stimulate investment and increase world economic growth. Romania participated fully in the Uruguay Round negotiations despite the difficulties it faced in the process of transition to a market-economy system. With a view to ensuring its integration in the world economy, Romania had consolidated 100 per cent of its tariffs, had undertaken specific commitments in the area of services and had adopted autonomous liberalization measures. He hoped that the results of the Uruguay Round would enable his country to expand its market access in goods and services and prevent its exports from being the target of arbitrary measures. UNCTAD should help developing countries and the countries in transition to benefit fully from the results of the Round. He considered, moreover, that UNCTAD could prepare the grounds for the negotiations on future trade issues.

36. The representaitve of **Sweden**, speaking on behalf of the Nordic countries (Denmark, Finland, Norway, Sweden), described the agreements of the Uruguay Round as the most significant event for international trade in recent years. They would remove substantial obstacles to trade and strengthen the rules and reinforce the

contractual framework for trade. The WTO would have a great many new members, many of them developing countries - a fact which would facilitate and expand international trade, increase global efficiency and employment and raise incomes.

37. Notwithstanding the impressive gains foreseen for the world economy and for the developing countries' GNP from the implementation of the market access part of the Uruguay Round, the deal was not a zero sum-game, since the concept of "developing countries" covered substantial differences in size, economic performance, level of development, trade structure and living standards. Not all developing countries benefited equally, but all stood to gain, especially in the long run. He pointed out that the agreements contained provisions for special and differential treatment, including fewer obligations, longer implementation periods and technical assistance for the developing countries, and even more flexible commitments for the least developed countries. There was also a decision providing for calculating the possible negative effects experienced by the least development and net food-importing developing countries in the Uruguay Round package. He stressed the increased confidence emanating from the positive outcome of the Uruguay Round and observed that a failure could have unleashed negative developments resulting in increased protectionist pressures and threats of unilateral and protectionist measures detrimental to all parties.

38. The priority objective now was to ensure the rapid and faithful implementation of the results of negotiations and to make the WTO operational. As small nations dependent on foreign trade, the Nordic countries knew the value of legally binding rules. A strong multilateral rule-based system was of vital interest for them as well as for the developing countries. The importance of UNCTAD was by no means diminished and the Nordic countries strongly supported UNCTAD's role as a consensus builder in the area of trade and development, the most important task being to define what UNCTAD should do in helping the developing countries to take full advantage of the new opportunities offered.

39. The representative of **Canada** said that it was unquestionable that developing countries had played a leading role in the Uruguay Round negotiations, much more than in any previous Round. The importance of that role was reflected throughout the Uruguay Round texts. The phased integration of textiles and clothing into the scope of WTO, special transitional arrangements worked into many provisions of the Final Act, and commitments in texts such as the General Agreement on Trade in Services to engage in a process of progressive liberalization demonstrated the determined and forceful leadership of developing countries.

40. The UNCTAD secretariat had correctly noted the enormous importance for developed and developing countries alike of the strengthened multilateral rules and disciplines built into all parts of the Final Act, in more traditional areas as well as in areas newly covered by the WTO. Some had argued that these new disciplines were going to impose too onerous a burden on developing countries and that their sovereignty would be unacceptably restricted as national policy choices would have to be undertaken within the context of these new rules. In his opinion, however, all countries had ceded a degree of their national sovereignty, in order to benefit from the stability and security which would flow from a strengthened system of multilateral rule-based trade. The alternative to moving towards stronger multilateral rules would have been to take one's chances in negotiating market access with often much larger and stronger trading partners. The WTO's integrated dispute settlement mechanism should provide medium and smaller trading nations with the protection needed to defend their national trading interests against bilateral pressures from much larger trading partners.

41. Concerns had been expressed by a number of developing countries, in particular on the impact on these countries of an erosion of preferential market access opportunities, and the possible detrimental effects which could affect a number of least developed countries that were net food importers. While it was unquestionably true that some margins of preference would be reduced as a consequence of the Uruguay Round, such reductions would be balanced by the accelerated reduction of tariff barriers in a range of product areas, such as metals, mineral products, wood, pulp, paper, textiles and clothing, as well as agricultural products of interest to many developing countries, such as coffee, tea, cocoa, sugar, fruits and vegetables, oilseeds and others. These new market access opportunities more than offset the effect of a reduction in the preference margins. In his opinion, national economic and trade policy-makers should be asking whether the ongoing existence of systems of preferences had not helped to divert economic resources into areas of less comparative advantage.

42. Furthermore, reforms to agricultural export support policies would be phased in over a transitional period of six years. It should not be forgotten that the effect on domestic food production of a rise in food prices would be probably to increase the levels of such production, thereby reducing dependence on imported food. Finally, Uruguay Round participants themselves had recognized the legitimate concerns of least developed and net food-importing countries in a special decision of the Final Act, which set forth important objectives for the provision of food aid, the provision of basic foodstuffs in grant form and aid for agricultural

development, as well as the possibility of assistance from the International Monetary Fund and the World Bank on financing of commercial food imports.

43. On the issue of regionalism, he said that his authorities were convinced that, if they were pursued with the objective of expanding trade opportunities, and not with the intention to close off markets, regional trading arrangements could be solid contributors to a strong and stable multilateral system.

44. The representative of **Japan** considered that the implementation of the agreed Uruguay Round measures would result in great improvement of the world economy through the expansion of trade. The universal participation of the developing countries in the Uruguay Round reflected the important role currently played by these countries in world trade. A growing number of developing countries, including some Asian countries with remarkable economic development, had begun to consider the expansion of trade as a key element for economic development by making efforts for trade liberalization and laying emphasis on policies to strengthen their export capabilities.

45. The establishment of rules in new areas such as services, intellectual property rights and trade-related investment measures was one of the outstanding results of the Uruguay Round. Successful rule-making would secure stable transactions in these markets, allowing developing countries to play an active role in such transactions in the years to come.

46. Another outstanding result was the strengthening of the multilateral trading system by establishing rules in the area of dispute settlement, or by prohibiting the grey-area measures such as voluntary export restrictions and unilateral measures. Stabilizing the trading system and consolidating relief measures in case of dispute benefited the developing countries. Developed as well as developing countries would be making efforts to adopt measures that were not inconsistent with these rules of trade.

47. In his view, UNCTAD should, in its future work, try to establish constructive and complementary relations with WTO by enhancing its ability as a policy debating forum. UNCTAD should also promote its technical cooperation in the areas where it could make use of its accumulated expertise, in cooperation with WTO and the ITC, as to enable the developing countries to make the best use of the results of the Uruguay Round.

48. Considering that GATT was a forum for the making and implementation of rules in the area of trade and UNCTAD a forum for deepening policy discussion on the development issues, he felt that UNCTAD was called upon more than ever to take up new trade-related issues for policy recommendations with a view to facilitating the development of the developing countries. Therefore, the UNCTAD secretariat and the WTO must cooperate and make strenuous efforts to revitalize UNCTAD.

49. The representative of **China** said that the establishment of the World Trade Organization would have a significant impact on the structure of the world trade and the economic development of all countries. It would provide new impetus to the revitalization of the global economy and lead to more trade, more investment, more jobs and higher economic growth throughout the world.

50. Although the final package of the Uruguay Round covered a wide range of issues, the overall balance had not been achieved and the interests of the developing countries had not received adequate consideration. This was particularly true in the areas of tariffs and non-tariff measures where the reduction targets for products of considerable export interest to developing countries were not met. Net food importers would have to pay more for their food imports. There were no meaningful improvements in the market access package on services with respect to movement of natural persons. Furthermore, developing countries had undertaken new obligations in the areas of TRIPs and TRIMs, and had suffered loss in trade preferential margins.

51. The Chinese delegation, therefore, was of the view that there would be an urgent need for the Preparatory Committee of the WTO to address this imbalance and to implement the Uruguay Round results in good faith. There was also a need to set up the necessary monitoring and compensatory mechanisms to ensure that developing countries would continue to receive differential and more favourable treatment.

52. While he recognized that a large number of developing countries had participated actively in the negotiations and made important contributions by adopting a wide range of trade liberalization measures for the expansion of international trade, he held that developing countries should have greater opportunities for effective and equal participation in the future multilateral trading system. The WTO should have broader global representation which would include countries and regions with different economic systems and at different stages of development. It should also fully reflect the needs of the developing countries.

53. Referring to the respective roles of the new World Trade Organization and UNCTAD, he expressed the view that the complementarity of the two organizations should be ensured. In the past three decades, UNCTAD had made indelible contributions to defining the principles governing international economic and trade relations and the multilateral trade negotiations. He hoped that UNCTAD, pursuant to General Assembly resolution 1995 (XIX and the Cartagena Commitment, would continue to play an active role with a view to making further contributions.

54. The representative of **Indonesia** considered that the successful conclusion of the Uruguay Round would enable the developing countries to participate fully in international decision-making, and allow exports from developing countries greater access to markets in industrial countries. Developing countries themselves, in the process of carrying out changes in their development strategies, had made strenuous efforts at considerable cost and sacrifices to fulfil their part of the development compact. He mentioned in particular the burden that the new obligations implied in sectors such as intellectual property rights and services. However, developing countries had accepted the Uruguay Round package since it was their belief that the future of world economic growth and global prosperity, as well as the prospects for development in developing countries, depended on the openness and justice of the international trading system. However, the developed countries must reciprocate in kind if they wished to see the developing countries pursue their structural adjustment and liberalization measures. The developing countries' reforms should not be frustrated by developed countries' shortsighted policies of unilateralism, protectionism, reduced transfer of financial and capital resources, and curbed flow of technology. In today's world of growing interdependence, integration of nations and globalization, the political pluralism and economic liberalization in the developing world could easily suffer a disastrous reversal if they were not supported by the developed countries' endeavours to create and sustain a conducive global economic environment for development. There was a collective responsibility to ensure that the interests and concerns of all developing countries were reflected in this changing world order.

55. New forms of protectionism which discriminated against exports from developing countries should be avoided in order not to hamper the developing countries' full participation in the new multilateral trade system. The liberalization of trade policies in the developing countries should be rewarded by allowing them to follow their socio-economic development. The principle of differential and more favourable treatment should be fully respected. There should also be greater political commitment by all countries to enable the World Trade Organization to

play an important role in implementing the results of the Uruguay Round. He hoped that the new organization would effectively serve as the guardian of a rule-based, predictable and non-discriminatory multilateral trading system and the guarantor of the rights of the weaker trading partners against arbitrary and unilateral actions of the strong, without being overloaded with controversial issues.

56. UNCTAD, for its part, had an important role to play in helping to secure a balanced and fair multilateral trading system with benefits for its members, while overcoming the possible negative effects on developing countries in specific sectors such as services and intellectual property rights. There was also a need for UNCTAD and developed trading partners to provide technical assistance.

57. The representative of **Uruguay**, recalling the objectives set in the Punta del Este Declaration, stated that for developing countries the results of the Uruguay Round were such that satisfaction of some of their needs had been delayed and their expectations disappointed. Nevertheless, the commitments reached were a positive step towards the strengthening of the international trading system. A central element in the outcome of the negotiations was the creation of the World Trade Organization, which created a framework for consideration of the legitimate aspirations of its members, especially those aspirations and needs not filled by this Round of negotiations.

58. Some of the results of the negotiations had been positive, of course, in particular market access and liberalization and removal of distortions to trade in the agricultural sector which was of particular importance to his country, as were the tarification process and the agreement on sanitary and phyto-sanitary measures. Although these results did not fulfil his country's expectations, they were a step in the right direction with respect to the prevailing situation. The agreement on agriculture was the starting point for the reform and rationalization of agricultural policies which would ensure new possibilities for efficient producers in international markets. His country attached great importance to the commitment to further the reform and liberalization process. The agreement on textiles was of particular importance for his country and the agreement on services was fundamental for regulating trade in this most dynamic sector. The success in agreeing on an effective dispute settlement mechanism would act as a guarantee against the application of unilateral measures by more powerful trading partners. He urged all participants to fulfil the obligations they had entered into and to strengthen their commitments to trade liberalization. These were priority points for the agenda of the WTO.

59. With regard to work in UNCTAD in relation to the future of the Uruguay Round agreements, he pointed to three priority areas. One was the evaluation of the quantitative aspects of the results of the Round in market access and the impact of the dismantling of subsidies in agriculture; a second area was the identification of trading opportunities for developing countries; and finally, there was the work involved in preparing developing countries to participate fully in future negotiations on such issues as agricultural trade and trade and environment.

60. The representative of the **Russian Federation** said that the successful conclusion of the Uruguay Round and the establishment of the World Trade Organization were outstanding events in the world's recent economic history. In the long run, all participants in the international trade would gain from the Uruguay Round results. He hoped that principles of free trade and fair competition, which were reconfirmed by these agreements, would logically lead to the expansion of mutually beneficial trade among countries, and thus to strengthening of national economic and of the world economy as a whole.

61. The Russian Federation's objective was full participation in the WTO. Unfortunately, since his country had become an "associated participant" in the last stretch of the Uruguay Round, it nad not been able to take part in the negotiating process proper, and consequently to share with other countries all of its difficulties and achievements. However, the Russian Federation was interested in the strengthening of the multilateral trading system and intended to be part of such system in the not too distant future. Its membership in WTO was a necessary requirement for its genuine integration in the world economy. Such membership would contribute substantially to an acceleration and deepening of market-oriented reforms in the Russian Federation on the basis of experience accumulated by GATT. His country's membership in the WTO would be a significant event for other countries as well. On the basis of a reasonable balance of rights and obligations, the Russian Federation would offer a wide market of goods, services and investment. Its obligations as a WTO member would provide an additional warranty of stability and predictability in its trade relations and of access to its markets of goods and services.

62. At present, the Russian Federation's accession process to GATT/WTO was still at an early stage. In February 1994, a Memorandum on Russian foreign trade regime had been submitted to the GATT secretariat, and the first meeting of the Working Party on Russian Federation's accession to GATT expected to take place in early

autumn 1994. In this context, a considerable amount of work had to be done to adapt Russian legislation and foreign trade practices to the rules and disciplines of GATT and the Uruguay Round agreements. The experience of other countries in this regard was interesting and valuable. He also expected that the UNCTAD secretariat would contribute to this process through the UNDP/UNCTAD technical cooperation project on support for Russian Federation's accession to GATT.

63. The representative of **Jamaica** said that the conclusion of the Uruguay Round was a considerable achievement, providing an opportunity to create an expanded and strengthened multilateral trading system that would respond to the needs of the international trading community with greater predictability for competition. The comprehensiveness of this "single undertaking" embodied in the Final Act bore witness to the confidence of the international community in multilateralism, and in the potential for world economic growth and dynamism. The much wider participation by developing countries in the Uruguay Round than in other previous rounds and their acceptance of the results indicated that their governments were committed to a reformed multilateral trading system which could enhance economic recovery and create opportunities for the sustainable development of developing countries.

64. Referring to the far-reaching structural adjustment programmes undertaken in many developing countries over the past decade, including in Jamaica, he said that the overall aim had been to revitalize their economies and integrate them into the world economy. Global trade liberalization had become the main principle guiding the international trading system; in fact, experience showed that economic growth and development were enhanced by trade liberalism and more predictable international trade rules. He believed that the Final Act, with improved institutional arrangements under the World Trade Organization, could provide the means to assist developing countries in attaining the objective of economic growth and development. However, for many developing countries to take advantage of the expanded opportunities under the reformed multilateral trading system, the support of the international community would be required, in particular for improving their capacity to deal with the new mechanisms and instruments embodied in the Final Act, as well as in the continued negotiations to be undertaken in some areas. In this regard, he looked forward to continued support by UNCTAD through its technical cooperation programme.

65. As for the different degree of benefits to be derived from the results of the Round for various countries, he expressed concern at the erosion of trade

preferences under the Lomé Convention and at the increases of prices for food imports. He held that the prospective outcome of the Uruguay Round for developing countries, particularly ACP countries, would warrant taking measures to redress this imbalance and to support the economic and social development of these countries. These measures should include balance-of-payments assistance, which could be given through multilateral financial institutions, and financial and technical assistance which could be given through international organizations such as UNCTAD, UNIDO and FAO. He also argued that a monitoring mechanism should be established in the WTO to consider any negative effects from the results of the Round and to find ways of redressing the problems, including compensation for any losses sustained.

66. He said that his delegation shared the view that during the implementation of the Uruguay Round, UNCTAD would need to play an even more dynamic role than hitherto for policy analysis, intergovernmental deliberations, consensus building and negotiations. He endorsed fully the views expressed by the spokesman for the Group of 77 on the clearly delineated complementary functions of UNCTAD and the World Trade Organization. UNCTAD had extensive experience in many of the policy areas related to international trade and looked forward to UNCTAD's continuing to make available this expertise to the developing countries during the critical years ahead.

67. The representative of the **European Economic Commission**, speaking on behalf of the **European Union**, pointed out that the Uruguay Round agreements would lead to an unprecedented opening of markets through an overall reduction of tariffs by much more than the Montreal target of 33 per cent and a progressive integration into the multilateral trading system of trade in textiles and agriculture. The conclusion of an agreement on services, with a package of initial commitments, represented an impressive starting point for negotiations to continue on a number of sectors. The world trading system would be improved through such means as the strengthening of the rule-based system of multilateral trade, the broadening of that trading system to encompass the new areas of international economic activity, and in particular by the establishment of a stronger and more broadly based World Trade Organization.

68. The participation of developing countries in the Uruguay Round was a major historic evolution towards a more balanced world, resulting in new perspectives of partnership. The Round provided for new export possibilities for the developing countries by improving their market access, in particular in textiles. A more open multilateral trading system was beneficial to all participants - developed and

developing alike - and a system based on stricter rules would promote the rights of developing countries, including those Latin American and Asian countries which in recent years had carried out serious adjustment policies and simultaneously opened their markets.

69. Referring to the clauses and decisions in the Final Act on more favourable and differential treatment for the developing and, in particular, the least developed countries, he pointed out that the European Union had often been an initiator of these provisions. Since the least developed countries would benefit most from technical assistance aimed at helping them to augment their participation in international trade, he called on UNCTAD to focus its efforts on these countries.

70. He stated that the European Union supported the objective to get the WTO to enter into force on 1 January 1995, even though not all subjects had been finalized at the Marrakesh meeting, especially regarding services. Furthermore, the European Union considered that the globalization of the world economy, with its implications for trade flows, necessitated discussion on issues that were already dealt with in UNCTAD, such as trade and finance, restricted business practices, and trade efficiency. More generally, UNCTAD should preserve its role as an initiator of new issues.

71. Concerning the work of the WTO, he emphasized the need to ensure intensive cooperation between the WTO, IMF and the World Bank. As to the development of the interface between trade and environment, he welcomed the proposed establishment of the Committee on Trade and Environment in the WTO. As for the issues related to competition, the existing disparities in different countries were such that these issues should be tackled rapidly, particularly in the context of restrictive business practices. Finally, he observed that in the social areas there was a real lack of comprehension and information about the problems. The social question should be dealt with in as impartial a manner as possible, identifying the relevance of any action, including the need for safeguards against unilateralism and protectionist measures. Developing countries had a legitimate right to profit from their natural advantages and to apply domestic policies adapted to their level of development. The European Union aimed at examining other subjects with the same objectivity. In the end, the strength of the future WTO depended on the open-mindness of its founders, including the developing countries.